

December 19, 2001

Ms. Sharon Donovan
Center for Medicare and Medicaid Services
MS S2-26-12
7500 Security Boulevard
Baltimore MD 21244-1850

Dear Sharon:

RE: Trend Rate Development

Utah is proposing the following trend rates for the Primary Care Waiver submitted last month. The figures for the 1931 cash, the 1931 non-cash and Medically Needy programs were blended off the historical tables submitted in the waiver proposal. We then took a weighted average for each of the above three groups to come up with a blended rate of 10.1%. We propose to use this blended rate on our base year, FY 2001, per member, per month. Final figures for the base year will be submitted by January 31, 2002.

Based on the actual trend rate of services to be provided for the adults with children, we propose a 9.8% rate for PCN eligibles. This figure is based on recent inflationary increases in the Utah Medicaid program. The specific factors used were the same service categories being utilized in the waiver proposal. This rate is in line with our requested rate for the other three groups mentioned above. During the last two years, we have experienced 12% inflation in pharmacy, which accounts for much of the planned costs for this group. The proposed trend rate would be applied to the \$50.00 per member, per month, cost determined for FY 02.

Based on current funding estimates, we believe we will have to cap the number of Childless Adults at a maximum of 12,000 and the Adults with Children group at 18,000.

The table attached shows back up for the figures we have proposed.

Sincerely,

Michael Deily, Director
Division of Health Care Financing

Attachment

cc: Rod Betit
Kent Roner
Mike Morgan
Chad Westover